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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
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TO: Owners & Management Agents of Tax Credit Properties
Management Agents of Section 8 and Section 236 Project-Based Properties
Management Agents of Multifamily Assisted Properties

FROM: Sherri Davio, Compliance Manager
Office of Legal Affairs

SUBJECT: Process Improvement - Owner/Management Agent Physical Inspection Responses

The Michigan State Housing Development Authority is introducing several changes in compliance monitoring procedures, to simplify the physical inspection process. These changes are related to the Owner/Management Agent response requirements to report the correction of physical inspection items.

Since our physical inspection processes changed in January 2005, we have received many positive comments from Management Agents. We have also received several requests to find ways to streamline the paperwork processes and reduce the multiple submission requirements for responses. Several process improvements are being implemented in response to these requests. This Memorandum briefly describes each of the changes.

The following changes are being implemented for physical inspections conducted on or after September 1, 2005.

Change #1 – Revised Attachment A Eliminates the Need for Attachment B

The new and improved Attachment A form - (Attachment A-rev 8/2005 - copy attached) allows Management Agents to report both completed and planned corrective actions on Attachment A, thereby eliminating the need to complete an Attachment B form.

Management Agent/Owner responses will now require completion of the following documents:

- Owner's Certification of Completion of Repairs (Owner's Certification)
- Owner's Report of Completion of Repairs - (Attachment A-rev 8/2005)

The revised Attachment A form now includes a column titled "**Planned Corrective Actions To Be Taken/Date**". This column has been added for the purpose of reporting **planned** corrective actions/dates for those items which are not required to be completed by the initial (30 day) response requirement.

When items previously reported as "**Planned Corrective Actions To be Taken/Date**" are subsequently corrected, an Owners Certification and Attachment A must be submitted with the corrective actions and actual completion dates reported in the column titled "**Completed Corrective Actions Taken/Date**".

The revised Attachment A form is located on MSHDA's website at
http://www.michigan.gov/mshda/0,1607,7-141-8002_26576_26589---,00.html



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Change #2 – Timeframe for reporting the correction of L2 items changed to reduce multiple reporting requirements. Responses for L2 items are now due no later than 6 months after the inspection date. (Note: This is a change to the reporting requirement only. The deadline for correction of L2 items will not be changed)

The requirement for reporting L2 items will be changed to “no later than 6 months after the physical inspection date”. This means that reporting the correction of L2 items will now be due at the same time L1 and M items are reported, which will eliminate an additional response submission for many developments. Please note that there is no change in the requirement to complete these items, this is only a change in the requirement to report the correction of those items to MSHDA.

We are confident that these changes will decrease the number of response submissions required and reduce the overall time needed to meet MSHDA’s physical inspection response requirements.

Thank you once again for your comments and suggestions. We encourage you to continue to provide this value feedback to MSHDA. Survey and physical inspection forms are available under the forms section of our website at the following link: http://www.michigan.gov/mshda/0,1607,7-141-8002_26576_26589---,00.html

If you have any questions or concerns regarding these new procedures, please contact the Compliance Staff at (517) 241-2560.